MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1, 2022/2023 (TERM 2215)

DFA5014 – FINANCIAL ACCOUNTING 1

(All sections / Groups)

21 DECEMBER 2022
9.00 a.m. to 12.00 p.m.
(3 Hours)

INSTRUCTIONS TO STUDENT

1. This Question paper consists of 5 pages with 4 Questions only.
2. Answer **ALL** questions.
3. Write your answers in the Answer Booklet provided.

QUESTION 1

Grace is the sole owner of Hoseh Printing, which provides various printing services such as flyers, brochures, buntings and banners. She started the business on 1 November 2022. The following transactions occurred during the first month of its operation.

Nov 1	Invested RM50,000 cash and equipment worth RM14,000 to start the business.
3	Purchased printing supplies for RM2,100 cash.
4	Paid RM1,200 for current month's rent.
9	Billed Syarikat Intan for printing services, RM1,800.
12	Purchased additional equipment for RM11,200; paying RM1,200 cash and the remainder due in 45 days.
13	Received a bill for RM200 for advertising in the local newsletters.
16	Purchased furniture and fittings on account for the shop, RM1,700.
17	Received payment from Syarikat Intan.
21	Withdrew RM500 to pay for house utilities bills.
23	Earned RM2,800 for printing services provided: RM500 cash was received, and the balance is billed to customers on account.
25	Received utilities bill for RM300, which will be paid next month.
28	Paid salaries for the current month, RM3,300.
30	Paid the amount due for the advertising incurred on 13 November.

Required

(a) Journalise the November transactions. (15 marks)

(b) Prepare the T-account for Cash. (6 marks)

(c) List **TWO (2)** internal users and **TWO (2)** external users who may benefit from the financial statements prepared by Grace. (2 marks)

(d) Grace may consider expanding her business and inviting her childhood friend, Janet, to be the co-partner of Hoseh Printing in future. Briefly explain 2 differences between sole proprietorship and partnership. (2 marks)

(Total: 25 marks)

Continued...

QUESTION 2

The unadjusted Trial Balance for Jaguar Garage as of 31 October 2022 contained the following accounts.

Debit		Credit	
Cash	RM9,000	Accumulated depreciation–Equipment	RM7,400
Accounts receivable	16,100	Notes payable	6,500
Supplies	6,700	Accounts payable	10,100
Prepaid insurance	1,500	Unearned revenue	5,800
Equipment	45,500	Kevin, Capital	26,000
Salaries expense	8,600	Service revenue	34,300
Kevin, Drawings	2,700		

Analysis at the end of the month revealed the following adjustments that needed to be made:

1. Equipment is depreciated at the rate of RM400 per month.
2. Prepaid insurance is the cost of a 1-year insurance policy, effective 1 October 2022.
3. A physical count revealed that supplies on hand was RM3,900.
4. Unearned revenue of RM600 remained unearned.
5. Services provided but not collected in cash, RM2,400.
6. Salaries still owing to employees, RM3,200.

Required

(a) Journalise the adjusting entries. (6.5 marks)

(b) Prepare a Statement of Profit or Loss. (4 marks)

(c) Prepare a Statement of Changes in Equity. (3 marks)

(d) Prepare a **classified** Statement of Financial Position. The notes payable is due in year 2024. (9.5 marks)

(e) State the similarities or differences between service revenue and unearned revenue in terms of the following:
   (i) Type of account
   (ii) Normal balance

(2 marks)

(Total: 25 marks)

Continued...

QUESTION 3

The following account balances were extracted from the Adjusted Trial Balance of Leem Resources as at 31 December 2021.

Account	Amount
Accounts payable	RM33,600
Accounts receivable	59,200
Accumulated depreciation – Buildings	77,400
Accumulated depreciation - Equipment	29,400
Advertising expense	29,500
Buildings	387,000
Cash	23,400
Depreciation expense – Buildings	38,700
Depreciation expense - Equipment	14,700
Equipment	147,000
Insurance expense	7,900
Interest expense	3,300
Interest payable	3,800
Lim, Capital	380,000
Lim, Drawings	11,600
Notes payable	82,500
Prepaid rent	11,000
Rent expense	37,000
Salaries expense	154,000
Salaries payable	19,800
Service revenue	335,500
Supplies	12,800
Supplies expense	24,900

Required

(a) Prepare the closing entries. (8 marks)

(b) Post the related closing entries to Income Summary and Lim, Capital T-account. (3.5 marks)

(c) Prepare a Post-closing Trial Balance. (8.5 marks)

(d) The accounts clerk of Leem Resources is confused about the treatment of notes payable. You are asked to help her out.

(i) How are they presented in the Statement of Financial Position if the note is payable within one year, **and**, if the note is payable three years from now. (2 marks)

(ii) How are all current liabilities presented in the Statement of Financial Position? List down the sequence. (3 marks)

(Total: 25 marks)

Continued...

QUESTION 4

Part A

Manik Embroidery sells various types of beaded shoes to local consumers and tourists. On 30 November 2022, the company's Cash account as per its general ledger showed a balance of RM16,587. The bank statement on that date showed a balance of RM15,678. Upon comparing the details on the bank statement with the details in the Cash account, the following facts were discovered:

- The 30 November receipts of RM5,173 were not included in the bank deposits for November. These receipts were deposited by the company officer at night.
- Cheques outstanding as at 30 November totalled RM1,551.
- Cash sales of RM4,290 on 23 November were deposited in the bank. The cash receipts entry was incorrectly made for RM4,209. The bank credited Manik Embroidery for the correct amount.
- The statement included a debit memo of RM80 for the printing of additional company cheques.
- On 30 November, the bank statement showed an NSF charge of RM2,836 for a cheque issued by Nita Trading, a customer on account to Manik Embroidery.
- On 29 November, the company issued a cheque for RM1,880 to Owl Enterprise, a supplier on account. The cheque, which cleared the bank in November, was incorrectly journalised and posted by the company for RM1,800.
- The bank statement includes a RM1,242 deduction for a cheque drawn by Magic Embroidery. The company notified the bank on this error.
- A RM6,500 note receivable was collected by the bank for Manik Embroidery, plus RM400 interest. The bank charged a collection fee of RM30. No interest has been accrued on the note.

Required

(a) Prepare a bank reconciliation at 30 November 2022. (8.5 marks)

(b) Prepare the adjusting entries based on the reconciliation.
(Hint: The correction of any errors pertaining to recording cheques should be made to Accounts Payable. The correction of any errors relating to recording cash receipts should be made to Accounts Receivable).

(6.5 marks)

Continued...

Part B

Pegasus Services maintains a petty cash fund for small expenditures. These transactions occurred during the month of November 2022.

Nov 1	Established the petty cash fund by writing a cheque payable to the petty cash custodian, Queenie, for RM1,000.
30	Replenished the petty cash fund. On this date, the fund consisted of RM200 in cash and these petty cash receipts: • Freight-out RM180 • Entertainment expense RM197 • Postage expense RM36 • Wages expense RM340 • Miscellaneous expense RM53

Required

(a) Prepare the journal entry to establish the petty cash fund. (1.5 marks)

(b) On 30 November, how much cash should the petty cash fund hold before it is replenished? (1 mark)

(c) Prepare the journal entries to replenish it. (3.5 marks)

(d) Prepare the journal entry on 1 December to increase the fund balance to RM1,500. (1 mark)

(e) Based on the situations below, identify the control principle that is violated.
(i) Queenie intends to share the custodian responsibility with her co-worker, Rachel, beginning next month.
(ii) Petty cash receipts are not pre-numbered.
(iii) The petty cash box is left on the table after office hours.

(3 marks)

(Total: 25 marks)

End of Paper